



Auditors' Report

To The Members of

DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED

We have audited the attached Balance Sheet of DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED as at 31st March, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- 1) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- 2) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
- 3) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- 4) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- 5) On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- 6) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Mumbai
Dated 20th May, 2009

For B. K. KHARE & CO.
Chartered Accountants
R. D. Onkar
Partner
Membership No. : 45716

Annexure to the Auditor's Report

Referred to in paragraph 3 of our report of even date,

- 1) FIXED ASSETS
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off by the Company during the year.
- 2) INVENTORIES
 - (a) The inventories at the factory have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. The Company has received confirmations in respect of stocks lying with third parties.
 - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) On the basis of our examination of the records of inventory, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to the book records were not material.
- 3) LOANS
 - (a) The Company has not granted unsecured loans, to any company listed in the register maintained under Section 301 of the Companies Act, 1956.
 - (b) Accordingly, our comments in respect of sub clauses (b), (c) and (d) are not called for and offered.
 - (c) The Company has not taken any loans, secured or unsecured from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence on facts our comments in respect of clauses (f) and (g) are not called for and offered.
- 4) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for sale of goods and services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control procedures.
- 5) RELATED PARTIES TRANSACTIONS
 - (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that Section.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits within the meaning of the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Rules made thereunder.
- 7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of its products specified under the said Order and are of the opinion that prima facie the prescribed



accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

9) STATUTORY DUES

- (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education And Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess as at 31st March, 2009, which have not been deposited on account of a dispute, are included in Annexure C of Schedule 13.

- 10) The Company has no accumulated losses as at 31st March, 2009 and has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
- 11) According to the records of the Company examined by us and the information and explanations given by the management, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders as at the Balance Sheet date.

12) LOANS AND ADVANCES

- (a) Based on our examination of documents and records, we are of the opinion that the Company has maintained adequate records, where the Company has granted loans and advances on the basis of security by way of pledge of shares and other securities.
- (b) Based on our examination of the records and evaluation of the related internal controls, we are of the opinion that proper records have been maintained of the transactions and contracts and timely entries have been made in those records. We also report that the Company has held the shares, securities in its own name.

- 13) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
- 14) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- 15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16) In our opinion, and according to the information and explanations given to us, on an overall basis, the funds raised have been applied for the purposes for which they were obtained or pending the actual application, have been deployed for working capital purposes transitorily.
- 17) Based on the information and explanations given to us and on an overall examination of Balance Sheet of the Company, in our opinion, funds raised on a long-term basis have not been used for short-term investment.
- 18) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19) The Company has created securities in respect of debentures issued and outstanding at the year end.
- 20) The Company has not raised any money by public issues during the year.
- 21) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the year, nor have we been informed of such case by the management.

Mumbai
Dated 20th May, 2009

For B. K. KHARE & CO.
Chartered Accountants
R. D. Onkar
Partner
Membership No.: 45716